

CITY OF SOUTH HUTCHINSON, KANSAS

DECEMBER 31, 2014

CITY OF SOUTH HUTCHINSON, KANSAS

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of South Hutchinson, Kansas

Report on the Financial Statement

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of South Hutchinson, Kansas (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the regulatory basis of accounting reporting provisions permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), as described in note 1, to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for preparing the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in note 1 of the financial statement, the financial statement is prepared by the City on the basis of accounting reporting provisions permitted in KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2014, or the respective changes in financial position or where applicable, its changes in cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions permitted in KMAAG described in note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of receipts, expenditures, and unencumbered cash – regulatory basis (basic financial statement) as a whole. The schedule of expenditures – regulatory basis – actual and budget and the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget (schedules 1 through 2, as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions in KMAAG. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in note 1.

Lindburg Vogel Pierce Jarvis

Certified Public Accountants

Hutchinson, Kansas
August 20, 2015

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2014

Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	\$ 733,585	\$ 2,162,203	\$ 2,256,681	\$ 639,107	\$ 112,887	\$ 751,994
SPECIAL PURPOSE FUNDS						
Flood Control	20,828	7,070	22,170	5,728	-	5,728
Employee Benefits	19,999	40,612	60,264	347	-	347
Special Highway	209,047	80,591	167,584	122,054	4,099	126,153
Convention and Tourism	-	56,602	56,602	-	-	-
Special Parks	2,988	-	-	2,988	-	2,988
Street/Economic Development	268,016	102,316	171,345	198,987	7,500	206,487
Diversion	6,196	3,025	-	9,221	-	9,221
Donations	4,523	6,267	7,070	3,720	-	3,720
ASAP	21,329	15,869	13,630	23,568	-	23,568
D.A.R.E.	890	155	120	925	-	925
Health Insurance	101,639	138,711	76,721	163,629	-	163,629
Building Reserve	193,417	110,720	73,484	230,653	1,639	232,292
Equipment Reserve	357,843	258,432	474,534	141,741	276,532	418,273
Special Law Enforcement	3,823	2	1,595	2,230	-	2,230
Special Projects	7,113	14,229	6,762	14,580	54	14,634
Reno County Veterans Memorial	8,198	54,599	23,590	39,207	-	39,207
BOND AND INTEREST FUNDS						
Bond and Interest	(3,904)	1,077,780	1,064,808	9,068	-	9,068
CAPITAL PROJECTS						
	483,378	-	180,929	302,449	9,563	312,012
BUSINESS FUNDS						
Water	337,294	401,676	497,832	241,138	8,617	249,755
Water Reserve	189,730	-	7,486	182,244	-	182,244
Sewer	847,524	1,094,633	1,215,978	726,179	14,174	740,353
Sewer Replacement	246,435	-	-	246,435	-	246,435
TOTAL REPORTING ENTITY	\$ 4,059,891	\$ 5,625,492	\$ 6,379,185	\$ 3,306,198	\$ 435,065	\$ 3,741,263

The notes to the financial statement are an integral part of the financial statement.

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2014

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COMPOSITION OF CASH

Checking accounts	
Bank of Kansas, South Hutchinson, Kansas	\$ 1,152,184
Farmers Bank and Trust, Great Bend, Kansas	163,629
Certificates of deposit	
Bank of Kansas, South Hutchinson, Kansas	2,425,000
Petty cash	<u>450</u>

TOTAL REPORTING ENTITY	<u>\$ 3,741,263</u>
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The notes to the financial statement are an integral part of the financial statement.

CITY OF SOUTH HUTCHINSON, KANSAS

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

City of South Hutchinson, Kansas (the City) is a municipal corporation governed by an elected mayor and five-member council.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Kansas Municipal Audit and Accounting Guide Regulatory Basis of Presentation Fund Definitions

The following types of funds comprise the financial activities of the City for the year of 2014:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital Project Funds – to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Bond and Interest Funds – to account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Business Funds – to account for operations that are financed and operated in a manner similar to private business enterprises – where the stated intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Regulatory Basis of Accounting and Departures from Generally Accepted Accounting Principles

The regulatory basis of accounting as prescribed in the Kansas Municipal Audit and Accounting Guide (KMAAG) involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and reporting the changes in unencumbered cash and investments of a fund resulting from the regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables, and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles, and allowing the municipality to use the regulatory basis of accounting.

Interest Income

Unless specifically designated, all investment income is credited to the General Fund.

Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of General Obligation Bonds or from other City Funds.

Special Assessments

Projects financed in part by special assessments are financed through General Obligation Bonds of the City and are retired from the Bond and Interest Fund. Special Assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special Assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

Reimbursed Expenditures

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

Budgets

Kansas statutes require that an annual operating budget be legally adopted for all funds (including Bond and Interest and Business Funds) unless exempted by a specific statute. The statutes provided for the following sequence and timetable in adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1 of each year.
2. Publication of proposed budget on or before August 5 of each year.
3. Public hearing on or before August 15 of each year, but at least ten days after publication of notice of hearing.
4. Adoption of final budget on or before August 25 of each year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for Business Funds, Capital Projects Funds, and the following Special Purpose Funds:

D.A.R.E	Special Law Enforcement	Donations
Building Reserve	Equipment Reserve	ASAP
Special Projects	Reno County Veterans Memorial	Health Insurance

Original appropriations are modified by supplemental appropriation and transfers among budget categories. The City Council approves all significant changes.

Taxes levied to finance the budget become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. These taxes are made available to the City after January 1 and are distributed by the County Treasurer generally in the months of January and June. Delinquent tax collections are distributed throughout the year.

NOTE 2—DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the summary statement of receipts, expenditures, and unencumbered cash. In addition, investments are held separately by some of the City's Funds. The cash balances of certain funds are restricted as to their use.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's Funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by FDIC insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2014.

Deposits

At year end, the carrying amount of the City's deposits, including certificates of deposit, was \$3,740,813. The bank balance was \$3,753,824. The bank balance was held by two banks with the majority held by one bank resulting in a concentration of credit risk. Of the bank balance, \$476,431 was covered by FDIC insurance and the remaining \$3,277,393 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3—LONG-TERM DEBT

Terms for long-term debt for the City for the year ended December 31, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Interest Due	Principal Due	Amount of Issue	Date of Final Maturity
General Obligation Bonds						
Series 2007	3.70% to 4.00%	11/01/07	5-1, 11-1	11-1	\$ 2,387,000	11/01/18
Series 2009	5.75%	07/01/09	5-1, 11-1	11-1	29,000	11/01/19
Series 2012	3.00% to 3.25%	07/26/12	3-1, 9-1	9-1	5,680,000	09/01/32
Temporary Improvement Note						
Series 2013-1	1.50%	06/27/13	4-1, 10-1	10-1	2,505,000	10/01/16
Capital Leases						
Caterpillar 928HZ	3.50%	12/16/10	12-16	12-16	136,811	12/16/15
Equipment Loan						
Bank SNB	3.25%	09/10/14	2-15	2-15	330,317	02/15/18

Changes in long-term debt for the City for the year ended December 31, 2014, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Series 2007	\$ 1,425,000	\$ -	\$ 255,000	\$ 1,170,000	\$ 51,765
Series 2009	19,000	-	3,000	16,000	1,093
Series 2012	5,110,000	-	600,000	4,510,000	153,950
Temporary Improvement Note					
Series 2013-1	2,505,000	-	-	2,505,000	47,386
Capital Leases					
Caterpillar 928HZ	28,287	-	-	28,287	-
Other Loans					
Bank SNB	-	330,317	69,629	260,688	1,044
Total Bonded Indebtedness	<u>\$ 9,087,287</u>	<u>\$ 330,317</u>	<u>\$ 927,629</u>	<u>\$ 8,489,975</u>	<u>\$ 255,238</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Principal			
	General Obligation Bonds	Equipment Loan and Capital Leases	Temporary Improvement Notes	Total Principal
2015	\$ 893,000	\$ 94,618	\$ -	\$ 987,618
2016	933,000	62,769	2,505,000	3,500,769
2017	818,000	64,837	-	882,837
2018	853,000	66,751	-	919,751
2019	374,000	-	-	374,000
2020-2024	1,430,000	-	-	1,430,000
2025-2029	235,000	-	-	235,000
2030-2032	160,000	-	-	160,000
	<u>\$ 5,696,000</u>	<u>\$ 288,975</u>	<u>\$ 2,505,000</u>	<u>\$ 8,489,975</u>

	Interest			
	General Obligation Bonds	Equipment Loan and Capital Leases	Temporary Improvement Notes	Total Interest
2015	\$ 179,455	\$ 3,834	\$ 37,575	\$ 220,864
2016	150,963	6,404	28,181	185,548
2017	121,180	4,336	-	125,516
2018	94,608	2,261	-	96,869
2019	66,730	-	-	66,730
2020-2024	165,700	-	-	165,700
2025-2029	48,725	-	-	48,725
2030-2032	10,563	-	-	10,563
	<u>\$ 837,924</u>	<u>\$ 16,835</u>	<u>\$ 65,756</u>	<u>\$ 920,515</u>

Conduit Debt

The City has issued Industrial Revenue Bonds not directly obligated by the City. The total amount outstanding at December 31, 2014, was \$3,730,360 for the Industrial Revenue Bonds. These bonds do not constitute an indebtedness or pledge of the faith and credit of the responsible entities or the City.

NOTE 4—INTERFUND TRANSFERS

From	To	Authority	Amount
General Fund	Building Reserve Fund	K.S.A. 12-1,118	\$ 24,500
General Fund	Equipment Reserve Fund	K.S.A. 12-1,117	114,000
General Fund	Bond and Interest Fund	K.S.A. 12-101a	33,903
Sewer Fund	Equipment Reserve Fund	K.S.A. 12-1,117	60,000
Sewer Fund	Bond and Interest Fund	K.S.A. 12-825d	521,656
Sewer Fund	Building Reserve Fund	K.S.A. 12-1,118	30,000

NOTE 5—DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law established and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS 611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A 74-49,210 established the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures, and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member employee contribution rate at 5.00% of covered salary for Tier 1 members and at 6.00% of covered salary for Tier 2 members.

The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers.

NOTE 6—RISK MANAGEMENT

The City is subject to certain risks such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from third parties. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage for the prior three years.

The City self-insures certain risks related to employee health care costs. Total exposure is managed with aggregate limits on the total liability the City can incur in any given year. The City Funds the liability based on actuarial estimated contributions and such additional amounts required to pay claims as incurred.

NOTE 7—CONCENTRATIONS

A substantial portion of the City's water and sewer sales are to one customer. During 2014, water and sewer sales to the customer were 52.00% and 63.00%, respectively.

NOTE 8—COMMITMENTS AND CONTINGENCIES

To foster economic development, the City periodically enters into various agreements with area businesses. Such agreements and related negotiations are ongoing from year to year. As of December 31, 2014, subject to contractual agreements, the City has committed to spend \$18,750 per year thru 2017.

Subject to a certain lease agreement, the City is contingently liable for lease payments of \$3,513 per year through 2021, if certain countywide funding for the payments is not available.

The City acquired title to a grain elevator in 2014 and has not decided if the structure will be demolished or left standing. Potential cost associated with the elevator have not been reflected in the financial statement.

NOTE 9—CAPITAL PROJECTS

Project	Project Authorization	Expenditure 12/31/14	City Share
Prairie Ridge II	\$ 745,133	\$ 639,693	Minimal
Meadow Lane	182,948	140,197	Minimal
Main Street Improvement	708,791	640,546	100%
Water System	380,490	283,935	100%
Poplar Street	295,532	271,775	100%
Street Improvements	192,106	169,455	100%
Frontier Commerce Park	382,000	-	Minimal

The City's projects above will be funded by General Obligation Bonds and Special Assessments.

NOTE 10—OTHER LONG-TERM LIABILITIES

Compensated Absences

Vacation time is earned and vested and must be used within the employees anniversary date. Policies prohibit payment of vacation time in lieu of time off and all accumulated vacation pay is payable upon employment termination. The sick leave policy for the City permits employees to accumulate a maximum of 90 days sick leave. Policy prohibits payment of unused sick pay upon termination by the City.

NOTE 11—SUBSEQUENT EVENTS

The City has committed to the following projects during 2015 through August 20, 2015:

Project	Estimated Cost	City Share	Funding Source
Community building	\$ 483,190	\$ 50%	Go bonds
Street and water projects	1,355,084	100%	Go bonds
Equipment purchased	210,360	100%	Lease purchase

CITY OF SOUTH HUTCHINSON, KANSAS

SCHEDULE OF EXPENDITURES - REGULATORY BASIS (ACTUAL AND BUDGET)
 (BUDGETED FUNDS ONLY)
 For Year Ended December 31, 2014

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	\$ 2,617,841	\$ -	\$ 2,617,841	\$ 2,256,681	\$ (361,160)
SPECIAL PURPOSE FUNDS					
Flood Control	23,000	-	23,000	22,170	(830)
Employee Benefits	62,000	-	62,000	60,264	(1,736)
Special Highway	310,000	-	310,000	167,584	(142,416)
Convention and Tourism	66,000	-	66,000	56,602	(9,398)
Special Parks	3,049	-	3,049	-	(3,049)
Street/Economic Development	495,000	-	495,000	171,345	(323,655)
Diversion	8,706	-	8,706	-	(8,706)
BOND AND INTEREST FUND					
Bond and Interest	1,064,808	-	1,064,808	1,064,808	-
BUSINESS FUNDS					
Water	876,700	-	876,700	497,832	(378,868)
Sewer	1,993,756	-	1,993,756	1,215,978	(777,778)

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

Schedule 2
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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 590,919	\$ 625,000	\$ (34,081)
Back tax collections	8,224	30,000	(21,776)
Motor vehicle tax	51,824	64,925	(13,101)
In lieu of tax	2,496	2,000	496
County sales tax	374,989	350,000	24,989
Local sales tax	204,632	210,000	(5,368)
Liquor tax	-	400	(400)
Total Taxes	<u>1,233,084</u>	<u>1,282,325</u>	<u>(49,241)</u>
Licenses, Fees, and Permits			
Utility franchise tax	637,121	450,000	187,121
Refuse	103,306	100,000	3,306
Permits and inspections	12,574	17,000	(4,426)
Total Licenses, Fees, and Permits	<u>753,001</u>	<u>567,000</u>	<u>186,001</u>
Fines, Forfeitures, and Penalties	<u>116,847</u>	<u>90,000</u>	<u>26,847</u>
Interest on Idle Funds	<u>1,185</u>	<u>4,000</u>	<u>(2,815)</u>
Other Receipts			
Miscellaneous	42,095	15,000	27,095
Reimbursed expenses	15,991	10,000	5,991
Total Other Receipts	<u>58,086</u>	<u>25,000</u>	<u>33,086</u>
TOTAL RECEIPTS	<u>2,162,203</u>	<u>\$ 1,968,325</u>	<u>\$ 193,878</u>

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

Schedule 2
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	2014		Variance Over (Under)
	Actual	Budget	
EXPENDITURES			
General Administration			
Personal services	\$ 133,186	\$ 162,850	\$ (29,664)
Contractual services	65,787	56,700	9,087
Refuse	96,892	80,000	16,892
Commodities	18,097	13,000	5,097
Capital outlay	2,000	2,000	-
Transfer to Building Reserve	4,000	4,000	-
Transfer to Equipment Reserve	5,000	5,000	-
Total General Administration	324,962	323,550	1,412
Police			
Personal services	612,113	655,087	(42,974)
Contractual services	98,589	90,825	7,764
Commodities	54,608	59,500	(4,892)
Capital outlay	8,904	9,000	(96)
Transfer to Building Reserve	3,000	3,000	-
Transfer to Equipment Reserve	55,000	55,000	-
Total Police	832,214	872,412	(40,198)
Fire			
Personal services	133,432	119,500	13,932
Contractual services	54,423	42,575	11,848
Commodities	18,796	15,000	3,796
Capital outlay	12,246	17,000	(4,754)
Transfer to Building Reserve	2,500	2,500	-
Transfer to Equipment Reserve	38,500	38,500	-
Total Fire	259,897	235,075	24,822
Street			
Personal services	147,278	203,779	(56,501)
Contractual services	36,852	58,600	(21,748)
Commodities	11,181	16,600	(5,419)
Capital outlay	191	2,000	(1,809)
Transfer to Building Reserve	-	-	-
Transfer to Equipment Reserve	10,000	10,000	-
Total Street	205,502	290,979	(85,477)

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
EXPENDITURES (Continued)			
Parks			
Personal services	\$ 10,000	\$ 10,000	\$ -
Contractual services	15,199	11,000	4,199
Commodities	11,879	15,150	(3,271)
Capital outlay	67	10,000	(9,933)
Transfer to Building Reserve	15,000	15,000	-
Transfer to Equipment Reserve	3,000	3,000	-
Total Parks	55,145	64,150	(9,005)
Street Lighting			
Contractual services	65,153	60,000	5,153
Code Enforcement			
Personal services	3,030	2,925	105
Contractual services	4,245	4,450	(205)
Commodities	-	1,000	(1,000)
Transfer to Equipment Reserve	2,500	2,500	-
Total Code Enforcement	9,775	10,875	(1,100)
Municipal Court			
Personal services	65,306	69,400	(4,094)
Contractual services	74,913	77,400	(2,487)
Commodities	2,195	2,000	195
Equipment	-	-	-
Total Municipal Court	142,414	148,800	(6,386)
Nondepartmental			
Capital improvements	311,086	599,000	(287,914)
Transfer to Bond and Interest	33,903	-	33,903
Economic development	13,452	8,000	5,452
Wellness activities	3,178	5,000	(1,822)
Total Nondepartmental	361,619	612,000	(250,381)
TOTAL EXPENDITURES	2,256,681	\$ 2,617,841	\$ (361,160)
RECEIPTS OVER (UNDER) EXPENDITURES	(94,478)		
UNENCUMBERED CASH, BEGINNING	733,585		
UNENCUMBERED CASH, ENDING	\$ 639,107		

CITY OF SOUTH HUTCHINSON, KANSAS

FLOOD CONTROL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 5,012	\$ 5,184	\$ (172)
Back tax collections	207	300	(93)
Motor vehicle tax	1,830	2,064	(234)
In lieu of tax	21	60	(39)
Reimbursed expense	-	-	-
TOTAL RECEIPTS	7,070	<u>\$ 7,608</u>	<u>\$ (538)</u>
EXPENDITURES			
Contractual services	<u>22,170</u>	<u>\$ 23,000</u>	<u>\$ (830)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(15,100)		
UNENCUMBERED CASH, BEGINNING	<u>20,828</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 5,728</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

EMPLOYEE BENEFITS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 35,472	\$ 36,959	\$ (1,487)
Back tax collections	569	400	169
Motor vehicle tax	4,421	4,983	(562)
In lieu of tax	150	5	145
Reimbursed expenses	-	-	-
TOTAL RECEIPTS	<u>40,612</u>	<u>\$ 42,347</u>	<u>\$ (1,735)</u>
EXPENDITURES			
Workmen's compensation	53,388	\$ 60,000	\$ (6,612)
Disability insurance	<u>6,876</u>	<u>2,000</u>	<u>4,876</u>
TOTAL EXPENDITURES	<u>60,264</u>	<u>\$ 62,000</u>	<u>\$ (1,736)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(19,652)		
UNENCUMBERED CASH, BEGINNING	<u>19,999</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 347</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
State payments	\$ 65,260	\$ 64,110	\$ 1,150
County payments	12,133	8,540	3,593
Reimbursed expense	3,198	-	3,198
TOTAL RECEIPTS	<u>80,591</u>	<u>\$ 72,650</u>	<u>\$ 7,941</u>
EXPENDITURES			
Contractual services	89,437	\$ 200,000	\$ (110,563)
Commodities	78,147	110,000	(31,853)
TOTAL EXPENDITURES	<u>167,584</u>	<u>\$ 310,000</u>	<u>\$ (142,416)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(86,993)		
UNENCUMBERED CASH, BEGINNING	<u>209,047</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 122,054</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

CONVENTION AND TOURISM FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Guest tax	\$ 56,602	<u>\$ 66,000</u>	<u>\$ (9,398)</u>
EXPENDITURES			
Contractual services	<u>56,602</u>	<u>\$ 66,000</u>	<u>\$ (9,398)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL PARKS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Alcohol tax	\$ -	\$ 100	\$ (100)
EXPENDITURES			
Contractual services	-	\$ 3,049	\$ (3,049)
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	2,988		
UNENCUMBERED CASH, ENDING	\$ 2,988		

CITY OF SOUTH HUTCHINSON, KANSAS

STREET/ECONOMIC DEVELOPMENT - SALES TAX FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Sales tax	\$ 102,316	\$ 115,000	\$ (12,684)
Reimbursed expenses	-	-	-
TOTAL RECEIPTS	102,316	\$ 115,000	\$ (12,684)
EXPENDITURES			
Contractual services	25,054	\$ 195,000	\$ (169,946)
Miscellaneous	146,291	300,000	(153,709)
TOTAL EXPENDITURES	171,345	\$ 495,000	\$ (323,655)
RECEIPTS OVER (UNDER) EXPENDITURES	(69,029)		
UNENCUMBERED CASH, BEGINNING	268,016		
UNENCUMBERED CASH, ENDING	\$ 198,987		

CITY OF SOUTH HUTCHINSON, KANSAS

DIVERSION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Miscellaneous	\$ 3,025	\$ 2,800	\$ 225
EXPENDITURES			
Commodities	-	\$ 8,706	\$ (8,706)
Contractual services	-	-	-
TOTAL EXPENDITURES	-	\$ 8,706	\$ (8,706)
RECEIPTS OVER (UNDER) EXPENDITURES	3,025		
UNENCUMBERED CASH, BEGINNING	6,196		
UNENCUMBERED CASH, ENDING	\$ 9,221		

CITY OF SOUTH HUTCHINSON, KANSAS

BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 260,388	\$ 271,524	\$ (11,136)
Back tax collections	3,902	6,300	(2,398)
Motor vehicle tax	25,345	28,483	(3,138)
In lieu of tax	1,099	1,200	(101)
Specials	231,487	240,000	(8,513)
Transfer from General Fund	33,903	-	33,903
Transfer from Sewer Fund	521,656	521,656	-
TOTAL RECEIPTS	<u>1,077,780</u>	<u>\$ 1,069,163</u>	<u>\$ 8,617</u>
EXPENDITURES			
Bond principal	858,000	\$ 858,000	\$ -
Interest coupons	<u>206,808</u>	<u>206,808</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,064,808</u>	<u>\$ 1,064,808</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	12,972		
UNENCUMBERED CASH, BEGINNING	<u>(3,904)</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 9,068</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Charges for service	\$ 388,500	\$ 443,500	\$ (55,000)
Reimbursed expense	12,995	40,000	(27,005)
Interest income	181	600	(419)
TOTAL RECEIPTS	<u>401,676</u>	<u>\$ 484,100</u>	<u>\$ (82,424)</u>
EXPENDITURES			
Personal services	334,261	\$ 327,100	\$ 7,161
Contractual services	84,690	64,600	20,090
Commodities	41,269	53,500	(12,231)
Capital outlay	-	391,500	(391,500)
Sales tax	37,612	40,000	(2,388)
Transfer to Equipment Reserve	-	-	-
TOTAL EXPENDITURES	<u>497,832</u>	<u>\$ 876,700</u>	<u>\$ (378,868)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(96,156)		
ENCUMBERED CASH, BEGINNING	<u>337,294</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 241,138</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SEWER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2014

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	2014		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Charges for service	\$ 1,088,655	\$ 1,152,200	\$ (63,545)
Interest income	231	1,000	(769)
Reimbursed expense	5,747	20,000	(14,253)
TOTAL RECEIPTS	<u>1,094,633</u>	<u>\$ 1,173,200</u>	<u>\$ (78,567)</u>
EXPENDITURES			
Operations			
Personal services	290,945	\$ 326,400	\$ (35,455)
Contractual services	212,014	191,900	20,114
Commodities	65,663	56,800	8,863
Capital outlay	35,700	807,000	(771,300)
Transfer to Bond and Interest	521,656	521,656	-
Transfer to Building Reserve	30,000	30,000	-
Transfer to Equipment Reserve	60,000	60,000	-
TOTAL EXPENDITURES	<u>1,215,978</u>	<u>\$ 1,993,756</u>	<u>\$ (777,778)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(121,345)		
UNENCUMBERED CASH, BEGINNING	<u>847,524</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 726,179</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

BUSINESS NONBUDGETED FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For Year Ended December 31, 2014

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	<u>Sewer System Replacement</u>	<u>Water Reserve</u>
RECEIPTS		
Reimbursed expense	\$ -	\$ -
Operating transfers in	<u>-</u>	<u>-</u>
TOTAL RECEIPTS	-	-
EXPENDITURES		
Equipment	<u>-</u>	<u>7,486</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	(7,486)
UNENCUMBERED CASH, BEGINNING	<u>246,435</u>	<u>189,730</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 246,435</u></u>	<u><u>\$ 182,244</u></u>

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL PURPOSE NONBUDGETED FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For Year Ended December 31, 2014

	ASAP	D.A.R.E.	Donations	Special Projects	Reno County Veterans Memorial	Health Insurance	Building Reserve	Equipment Reserve	Special Law Enforcement
RECEIPTS									
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244	\$ 2
Donations	-	-	5,785	-	54,599	-	-	-	-
Miscellaneous	15,869	155	482	4,229	-	138,711	56,220	84,188	-
Grants	-	-	-	10,000	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	54,500	174,000	-
TOTAL RECEIPTS	15,869	155	6,267	14,229	54,599	138,711	110,720	258,432	2
EXPENDITURES									
Capital outlay	-	-	-	-	-	-	73,484	474,534	-
Miscellaneous	13,630	120	-	6,762	23,590	-	-	-	1,595
Contractual services	-	-	7,070	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	76,721	-	-	-
TOTAL EXPENDITURES	13,630	120	7,070	6,762	23,590	76,721	73,484	474,534	1,595
RECEIPTS OVER (UNDER) EXPENDITURES	2,239	35	(803)	7,467	31,009	61,990	37,236	(216,102)	(1,593)
UNENCUMBERED CASH, BEGINNING	21,329	890	4,523	7,113	8,198	101,639	193,417	357,843	3,823
UNENCUMBERED CASH, ENDING	\$ 23,568	\$ 925	\$ 3,720	\$ 14,580	\$ 39,207	\$ 163,629	\$ 230,653	\$ 141,741	\$ 2,230

CITY OF SOUTH HUTCHINSON, KANSAS
CAPITAL PROJECTS NONBUDGETED FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For Year Ended December 31, 2014

	Poplar Street	Meadow Lane	Main Street Improvement	Water System	Prairie Ridge II Improvement	Maintenance Improvement	Reserve for TIN Interest	Totals
RECEIPTS								
Project transfers	\$ -	\$ -	\$ -	\$ -	\$ (192,106)	\$ 192,106	\$ -	\$ -
EXPENDITURES								
Contractual services	-	-	-	10,930	544	169,455	-	180,929
Debt service costs	5,590	3,461	13,408	7,198	13,941	3,788	(47,386)	-
TOTAL EXPENDITURES	5,590	3,461	13,408	18,128	14,485	173,243	(47,386)	180,929
RECEIPTS OVER (UNDER) EXPENDITURES	(5,590)	(3,461)	(13,408)	(18,128)	(206,591)	18,863	47,386	(180,929)
UNENCUMBERED CASH, BEGINNING	23,757	43,406	66,193	108,882	298,089	-	(56,949)	483,378
UNENCUMBERED CASH, ENDING	\$ 18,167	\$ 39,945	\$ 52,785	\$ 90,754	\$ 91,498	\$ 18,863	\$ (9,563)	\$ 302,449